19345 Point O Woods Court
Baton Rouge, Louisiana 70809
225-753-4723
225-753-4661 (fax)

Energy Research Services, Inc.

May 15, 2007

Scott Hoffman
Office of Conservation
PO Box 94275
Baton Rouge, LA 70804-9275
Attention: Mr. Tod Keating

Re: Second Revised Request for Public Hearing
Hilcorp Energy Company
Bastian Bay Condensate Commingling Facility (Code No. 91141)
Bastian Bay Field
Plaquemines Parish, Louisiana

Dear Scott,

On behalf of Hilcorp Energy Company (Hilcorp), application was made, pursuant to Statewide Order 29-D-1, for the calling of a public hearing on September 18, 2006 and revised on January 8, 2007, to consider evidence relative to the issuance of an order approving the commingling in the Bastian Bay Condensate Commingling Facility gas and/or liquid hydrocarbons produced from the leases and units previously approved at the facility.

This action proposes to revise the application, modify the schematic, and answer various questions illustrated in your email, dated April 18, 2007.

The method of measurement and allocation of production which Hilcorp Energy Company is proposing is explained in the attached description of operations and schematic flow diagram for the Bastian Bay Condensate Commingling Facility. As indicated, the production will be allocated by monthly well test, using methods other than gauge tanks. The subject facilities are located in the Bastian Bay Field, Plaquemines Parish, Louisiana.

Attached are copies of the following:

- Schematic flow diagrams
- Description of operations

The applicable authority will be covered pursuant to Title 43, Part XIX.Subpart 6, Statewide Order No. 29-D-1. 1505.2 (Well Test). The allocation meters will be tested and proven monthly for liquid hydrocarbon meters and quarterly for gaseous hydrocarbon meters.

In Hilcorp's opinion, this authorization will promote conservation of the natural resources within the State of Louisiana, will prevent waste, will protect the rights of all parties at interest and will result in substantial economic savings without results that may be in any way inconsistent with conservation policies, statutes or regulations of the State of Louisiana. Further, in the opinion of the applicant, the commingling procedure proposed will provide reasonable, accurate measurement, will not create inequities and will insure that the owner of any interest will have the opportunity to recover his just and equitable share of the reservoir content. Hilcorp requests that this matter be set for hearing at the earliest possible time and date.

A copy of this application and attachments, except the check, is being sent to Mr. Richard D. Hudson, District Manager, Office of Conservation, Lafayette, Louisiana. A copy of the legal notice will be mailed to each Interested Owner, Represented Parties, and Interested Parties having an interest in the various leases and units.

All inquiries concerning this proposal should be directed to Mr. John T. Connolly, Agent for Hilcorp Energy Company, 19345 Point O Wood Court, Baton Rouge, Louisiana 70809.

Should you have any questions, please call or email me at 753-4723 / ersses@cox.net.

Very truly yours,

John T. Connolly
Agent for Hilcorp Energy Company

Cc: Ms. Leslie Avioli
Mr. Michael Schoch
Hilcorp Energy Company
PO Box 61229
Houston, Texas 77208

Mr. Richard Hudson
District Manager
Office of Conservation
825 Kaliste Saloom Road
Brandywine III, Suite 220
Lafayette, Louisiana 70508

DESCRIPTION OF OPERATIONS
BASTIAN BAY CONDENSATE COMMINGLING FACILITY
(CF 91141)
BASTIAN BAY FIELD
PLAQUEMINES PARISH, LOUISIANA

The Bastian Bay Condensate Commingling Facility (BBCCF) commingles all production originating on the West side of Bastian Bay Field, as illustrated on the attached list of leases and units and commingling schematic diagram. Production from individual wells is based on monthly well tests and designated meter readings.

Explanation of Flow

Production from Bastian Bay Field wells enters the BBCCF from individual well flowlines. Once in the BBCCF header system, production is then routed to either the bulk low pressure system or low pressure test system. All wells in this system are low pressure.

Bulk low pressure production from individual wells is routed to the three phase low pressure separator where low pressure gas, oil, and water are separated. The low pressure gas is commingled with other low pressure gas off the bulk heater treater and test separator, and routed to gas compression. The compressed gas is routed through the high pressure stripper, dehydrated and metered for sale, or used for fuel or gas lift. The oil that is separated in the bulk low pressure production separator is metered and routed to a heater treater prior to storage in fixed roof tanks to be sold by barge transport. The produced water is commingled with other water and routed to the SWD system for disposal by underground injection.

Low pressure test production from individual wells is routed to a three phase low pressure test separator where low pressure gas, oil, and water are separated. The low pressure gas, water, and oil are metered as they leave the low pressure test separator. The low pressure gas is metered, commingled with other low pressure gas and routed to gas compression. The compressed gas is routed through the high pressure stripper, dehydrated and metered for sale, gas lift, or fuel. The oil is metered and temporarily stored in fixed roof storage tanks to be sold by barge transport. The produced water is metered, commingled with other water and routed to the SWD system for disposal by underground injection.

The liquids generated in the scrubbers are minimal, piped to the fixed roof commingled saltwater storage tanks, and not metered.

All gas lift gas is individually metered at each well head, for wells on gas lift.

The oil and gas sales volumes are allocated to the wells based on well tests.

Explanation of Well Test

A wells production will be determined by monthly well test conducted for a period of not less than twenty-four (24) hours, once per month. First, the individual well stream is diverted into a test header where it flows into a test separator. From there the liquid hydrocarbons are directed to a calibrated turbine meter before going to commingled tankage where it is to be sold.

Gaseous hydrocarbons will be metered at a test separator by means of calibrated orifice meters. Tests will be conducted for a minimum of twenty-four (24) hours once per month. Low pressure gas flows from the test separator to compression. The compressed gas is scrubbed, dehydrated, and sold or used for fuel or gas lift. Gas sales will be apportioned from the sales meter.

Each liquid meter will be calibrated monthly and a meter factor will be derived from the calibration test. All oil meters will be calibrated on a monthly basis and all gas meters will be calibrated on a quarterly basis by third party meter calibration services. The sales volume will be allocated to the wells based on the well tests described above.

For gas lift oil wells, input gas is measured and subtracted from output gas to arrive at a net or formation gas production volume for allocation purposes.

Explanation of Allocation

Oil: Total monthly oil sales are based on the volume of oil sold and transported by barge. The oil sales tank is strapped before and after loading to determine the volume sold. Individual oil production will be allocated to each well based on the following formula:

$$\frac{\text{Individual Oil Test Volume}}{\text{Sum of Individual Oil Test Volumes}} \times \text{Total Monthly Oil Sales Volume}$$

Gas: The total monthly gas is measured at the TGT Sales Meter. Total gas, to be allocated back to each well, is the sum of gas sales, fuel gas, and gas lift gas metered volumes. Gas lift gas is deducted from each well on gas lift by subtracting the gas lift metered volumes at each well on lift. Individual gas production will be allocated to each well based on the following formula:

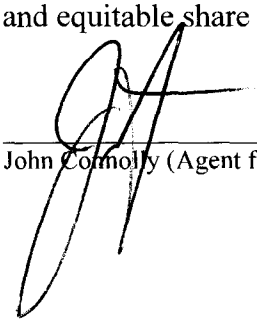
$$\frac{\text{Individual Gas Test Volume}}{\text{Sum of Individual Gas Test Volumes}} \times \text{SUM (Total Gas Sales Volume + Fuel Gas – Metered Well Gas Lift Volume)}$$

LIST OF UNITS AND LEASE PROPOSED FOR COMMINGLING AT THE BASTIAN FIELD CONDENSATE COMMINGLING FACILITY (911410)

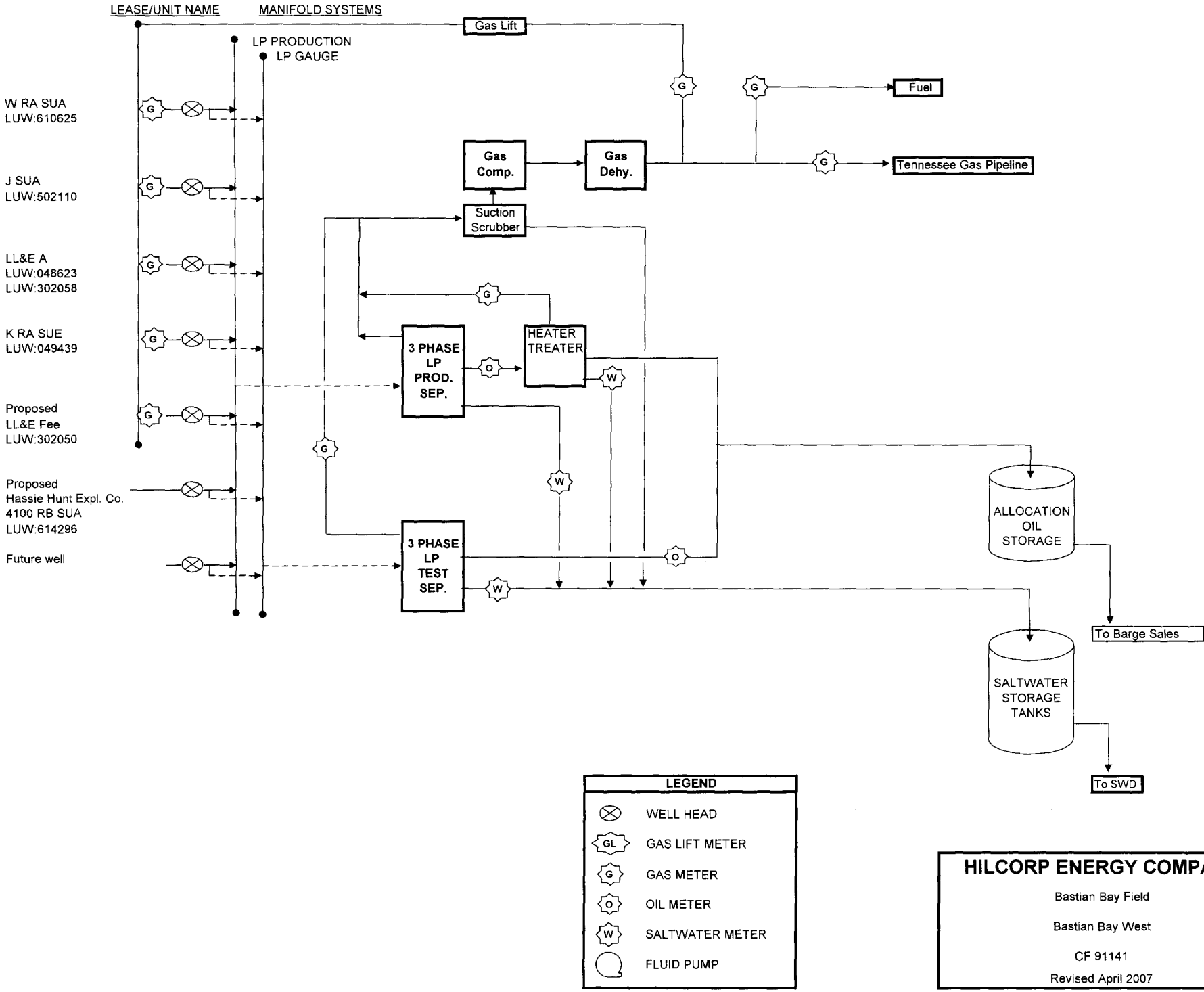
Current leases and units approved for commingling at the Hilcorp Energy Company – Bastian Bay Condensate Commingling Facility (911410):

LEASE/UNIT NAME	LUW/SN	ORDER NO.
AA GILMORE	302054	
AA GILMORE A	302055 528891	
AA GILMORE B	304566	
LL&E A	048623 302058	
SL 16152	302064	
BLD	302057	
M RA SUA		339-CC-2
N RA SUA	611981	
O RA SUA	610624	
R RA SUA	610623	
S RA SUA	611698	
S RB SUA		339-D-6
V RA SUA	610997	
BBA X RA SU	600949	
X RB SUA	612510	
R RB SUA	612598	
W RA SUA	610625	
J SUA	502110	
J SUB	502111	
J SUC		339-J
J SUD		339-J
J RA SUA		339-J-2
K SUA		339-K
K RA SUB	511271	
K RA SUC	502195	
K SUD		339-K
K RA SUE	049439	
K SUF		339-K
K SUG	502199	
K RC SUA	605384	
K RD SUA	611730	
K RD SUB	612017	
K RD SUC	611764	
K RD SUD		339-K-2
O RB SUA		339-O-10
BLM	220427	
W RB SUA	610622	
PLAQUEMINES PARISH GOVERNMENT	049601	
4100 RB SUA (proposed)	614296	
LL&E FEE (proposed)	302050	

In Hilcorp's opinion, this authorization will promote conservation of the natural resources within the State of Louisiana, will prevent waste, will protect the rights of all parties at interest and will result in substantial economic savings without results that may be in any way inconsistent with conservation policies, statues or regulations of the State of Louisiana. Further, in the opinion of the applicant, the commingling procedure proposed will provide reasonable, accurate measurement, will not create inequities and will insure that the owner of any interest will have the opportunity to recover his just and equitable share of the reservoir content.



John Connolly (Agent for Hilcorp Energy Company)



HILCORP ENERGY COMPANY

Bastian Bay Field

Bastian Bay West

CF 91141

Revised April 2007